

HOUSE BILL 3288
By Head

AN ACT to amend Tennessee Code Annotated Title 9, Chapters 21 and 22, and Title 7, Chapters 34, 39 and 82, relative to the issuance, sale and terms of bonds, refunding bonds, notes, other obligations and related contracts.

BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF TENNESSEE:

SECTION 1. Tennessee Code Annotated Section 9-21-306 is hereby amended by deleting the introductory paragraph and clause (1) thereof and substituting in lieu thereof the following:

"In order to secure the payment of the principal of and interest on revenue bonds issued pursuant to this part and Part 1 of this chapter, and the payment of the obligations of any local government under any interest rate agreement authorized by this part, including its obligation for termination or other non-periodic payments, or in connection with such bonds or interest rate agreements, any local government has the power as to such bonds or interest rate agreements to:

"(1) Pledge all or any part of the fees, rents, tolls, or other charges received or receivable by the local government from any public works project or projects then existing or thereafter to be constructed, including any revenues derived or to be derived by a local government from a lease, agreement or contract with any

other local government, local government instrumentality, the state, or a state or federal agency for the use of or in connection with such public works project or projects, to the punctual payment of the principal of and interest on bonds issued to finance such public works project or projects, or any other public works project or projects, and the payment of the obligations of any local government under any interest rate agreement authorized by this part, and covenant against thereafter pledging any such fees, rents, rolls, or charges to any other bonds or any other obligations of the local government;"

SECTION 2. Tennessee Code Annotated Section 9-21-1013 is hereby amended by deleting the introductory paragraph and clause (1) thereof and substituting in lieu thereof the following:

"In order to secure the payment of the principal of and interest on revenue refunding bonds issued pursuant to this part and part 1 of this chapter, and the payment of the obligations of any local government under any interest rate agreement authorized by this part, including its obligation for termination or other non-periodic payments, or in connection with such bonds or interest rate agreements, any local government has the power as to such bonds or interest rate agreements to:

"(1) Pledge all or any part of the fees, rents, tolls, or other charges received or receivable by the local government from any enterprise or enterprises then existing or thereafter to be constructed, including any revenues derived or to be derived by a local government from a lease, agreement or contract with any other local government, local government

instrumentality, the state, or a state or federal agency for the use of or in connection with such enterprise or enterprises, to the punctual payment of the principal of and interest on bonds issued to finance such enterprise or enterprises, or any other enterprise or enterprises, and the payment of the obligations of any local government under any interest rate agreement authorized by this part, and covenant against thereafter pledging any such fees, rents, tolls, or charges to any other bonds or any other obligations of the local government;"

SECTION 3. Tennessee Code Annotated, Section 7-34-109, is hereby amended by adding a new subsection (k) as follows:

(k). When entering into an interest rate agreement authorized by this section, a municipality may secure its obligations thereunder, including its obligation for termination or other non-periodic payments, with the revenues available to secure the bonds with respect to which such interest rate agreement is entered into.

SECTION 4. Tennessee Code Annotated, Section 7-39-305, is hereby amended by adding a new subsection (k) as follows:

(k). When entering into an interest rate agreement authorized by this section, a corporation may secure its obligations thereunder, including its obligation for termination or other non-periodic payments, with the revenues available to secure the bonds with respect to which such interest rate agreement is entered into.

SECTION 5. Tennessee Code Annotated, Section 7-82-502, is hereby amended by adding a new subsection (h) as follows:

(h). When entering into an interest rate agreement authorized by this section, a utility district may secure its obligations thereunder, including its obligation for termination or other non-periodic payments, with the revenues available to secure the bonds with respect to which such interest rate agreement is entered into.

SECTION 6. Tennessee Code Annotated Section 9-22-103 is amended by deleting subdivision (4) thereof and substituting in lieu thereof the following:

(4)“Public obligation” means (i) an agreement of an issuer to pay principal and any interest thereon, whether in the form of a contract to repay borrowed money, a lease, an installment purchase agreement or otherwise, and includes a share, participation or other interest in any such agreement, and (ii) an agreement of an issuer to make payments, including termination or other non-periodic payments, pursuant to an interest rate agreement.

SECTION 7. Tennessee Code Annotated Section 9-22-103 is hereby amended by adding a new subdivision (5) as follows:

(5) “Interest rate agreement” means an interest rate swap or exchange agreement, an agreement establishing interest rate floors or ceilings, or both, and other interest rate hedging agreements which an issuer is authorized by statute to enter into.

SECTION 8. This act shall take effect upon becoming a law, the public welfare requiring it